

AMENDED IN ASSEMBLY JUNE 2, 2003

AMENDED IN ASSEMBLY APRIL 24, 2003

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 1465**

**Introduced by Assembly Member Negrete McLeod**

February 21, 2003

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An act to add Section 89704.5 to the Education Code, relating to postsecondary education.

LEGISLATIVE COUNSEL'S DIGEST

AB 1465, as amended, Negrete McLeod. California State University: independent audit.

Existing law requires the Trustees of the California State University to contract with one or more public accounting firms to conduct systemwide and individual campus annual financial statement and compliance audits, and further requires that each campus of the university be audited at least once every 2 years. Existing law authorizes revenue received by the trustees from extension programs, special session, and other self-supporting instructional programs to be transmitted to the Treasurer and deposited in the State Treasury to the credit of the State University Continuing Education Revenue Fund. Existing law provides that these revenues may be pledged for the acquisition, construction, and improvement of facilities for extension programs, special session, and other self-supporting instructional programs.

This bill would require, as a part of the annual independent audit of the California State University, that there be a full accounting of the

funds related to the California State University's continuing education program. The bill would require that this component of the audit indicate the total systemwide revenues and expenditures for continuing education programs during the audit year, indicate the current level of retained earnings for continuing education programs, and set forth how much revenue is generated from specified areas of continuing education. The bill would require that this component of the audit also include a detailed report on any continuing education revenues that have been used to support projects such as the acquisition, construction, and improvement of facilities for extension programs, special session, and other self-supporting instructional programs. *The bill would prohibit the use of State General Fund moneys for this component of the audit.*

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

*The people of the State of California do enact as follows:*

1 SECTION 1. Section 89704.5 is added to the Education Code,  
2 to read:  
3 89704.5. (a) As a part of the annual independent audit of the  
4 California State University pursuant to subdivision (c) of Section  
5 12440.1 of the Government Code, there shall be a full accounting  
6 of the funds related to the California State University's continuing  
7 education program. This component of the audit shall indicate the  
8 total systemwide revenues and expenditures for continuing  
9 education programs during the audit year, indicate the current  
10 level of retained earnings for continuing education programs, and  
11 set forth how much revenue is generated from the following areas  
12 of continuing education:  
13 (1) Certificate programs.  
14 (2) Off-campus degrees.  
15 (3) Corporate training.  
16 (4) Online programs and degrees.  
17 (5) Special emphasis programs.  
18 (6) Professional development.  
19 (7) Test preparation.  
20 (b) This component of the audit shall also include a detailed  
21 report on any continuing education revenues that have been used



1 to support the projects authorized by subdivision (d) of Section  
2 89704.

3 *(c) No moneys from the State General Fund may be used for the*  
4 *component of the audit of continuing education programs*  
5 *prescribed in subdivisions (a) and (b). It is the intent of the*  
6 *Legislature that this component of the audit be solely funded from*  
7 *the resources available in the State University Continuing*  
8 *Education Revenue Fund.*

